



STATE OF WASHINGTON
DEPARTMENT OF REVENUE
OFFICE OF THE DIRECTOR

P.O. Box 47454 • Olympia, Washington 98504-7454 • (360) 753-5574 • FAX (360) 586-5543

May 25, 2007

Dear Chamber or Rotary Representative:

Retail sales tax collection is changing on July 1, 2008

As you may have heard, Washington State passed legislation allowing it to become a member of the Governing Board of the national Streamlined Sales and Use Tax Agreement (SSUTA). We are excited that the state will be participating in this important effort to maintain a competitive environment between brick-and-mortar retailers and those selling over the Internet or by mail order.

The SSUTA was created by a group of 44 states, local governments, and businesses seeking to radically simplify the collection of sales tax by businesses that sell into multiple states. To participate on the Governing Board, states must alter their sales tax systems to conform to the requirements of the SSUTA. Twenty-one states already have become members of the Governing Board by making the necessary changes to their tax systems, and Washington has petitioned to become the 22nd state.

To conform to the SSUTA, the state needed to change the way retailers collect local sales tax when they deliver or ship products to customers. That change doesn't take effect until July 1, 2008, but we already are working to educate and provide tools to retailers so they can be prepared for the switch. Currently, Washington retailers collect local sales tax based on the jurisdiction from which a product is shipped or delivered. Next year, they will need to collect based on the destination of the shipment or delivery. This only affects shipments and deliveries to locations within Washington State.

To assist with this switch, the Legislature has provided assistance to certain retailers whose gross income is less than \$500,000 a year, either as a tax credit of up to \$1,000, or two years of free service by a certified service provider that can calculate and code the tax for them.

We are committed to a smooth transition for our retailers, and firmly believe that joining the streamlining project will strengthen local economies by reducing the competitive advantage now enjoyed by out-of-state sellers that don't charge sales tax. More than 1,000 Internet, mail order, and other out-of-state retailers have voluntarily agreed to participate in the SSUTA, but no Washington retailer is required to collect sales tax on out-of-state sales because of this legislation.

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I have enclosed materials about the SSUTA, including an article that we encourage you to publish in your newsletter or publication. The Department also will provide a speaker to your group if your members wish to hear more about this legislation.

For more information, please visit the Streamlined Sales Tax section of our web site at <http://dor.wa.gov>. If you would like to request a speaker, please contact Rick Stedman at 360-705-6624 or rickst@dor.wa.gov.

Sincerely,

A handwritten signature in black ink that reads "Cindi Holmstrom". The signature is written in a cursive, flowing style.

Cindi Holmstrom
Director